

Minutes of the Meeting of May 30, 2014

of the

MASSACHUSETTS TEACHERS' RETIREMENT BOARD

I. Regular Matters of Business

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Vice Chair Nicola Favorito, Richard L. Liston, Karen A. Mitchell, Dennis J. Naughton, Joannah M. Quinn, Anne Wass, Executive Director Joan Schloss, Deputy Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, General Counsel James Salvie, Disability Case Manager Rob Fabino, and Executive Assistant Helen Petruzziello.

The meeting was called to order at approximately 9:00 a.m.

The minutes of the previous Board meeting, held on April 25, 2014, were reviewed and approved as submitted on a motion made by Mr. Liston and seconded by Ms. Mitchell. The motion carried 5-0-2, with Mr. Favorito and Mr. Naughton abstaining due to their absence from the April meeting.

VOTED: The Open and Executive minutes of the Board meeting held on April 25, 2014, are hereby approved as submitted.

The Chairman congratulated Ms. Wass on her re-appointment to her position as the Governor's appointed member of the Board. Upon the Chairman's request, Mr. Salvie provide a brief refresher course on the open meeting law guidelines regarding email communications among board members.

II. Executive Session

A motion was made by Mr. Naughton and seconded by Mr. Liston, to enter into Executive Session in order to review applications for disability retirement. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito Yes
Karen A. Mitchell Yes

Richard L. Liston	Yes
Dennis J. Naughton	Yes
Joannah M. Quinn	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

At approximately 9:06 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 12:16 p.m. the Board reconvened in Open Session and Chairman Wulfson announced the Board's actions during Executive Session on the following items.

ORDINARY DISABILITY RETIREMENT

1. Stephen Stephenson

The application of Stephen Stephenson for ordinary disability retirement benefits was reviewed, together with the medical panel reports and other information. On a motion to approve the application for ordinary disability retirement, made by Mr. Favorito and seconded by Mr. Naughton, the roll call vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Karen A. Mitchell	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Joannah M. Quinn	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

VOTED: The application of Stephen Stephenson for ordinary disability retirement benefits was approved.

ACCIDENTAL DISABILITY RETIREMENT

1. Debra Caldieri

The two applications of Debra Caldieri for accidental disability retirement benefits, which were filed on separate grounds, were reviewed, together with the medical panel reports and other information. On a motion to deny the first application for accidental disability retirement as a matter of law, made by Ms. Mitchell and seconded by Mr. Liston, the roll call vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Karen A. Mitchell	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Joannah M. Quinn	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

VOTED: The first application of Debra Caldieri for accidental disability retirement benefits was denied as a matter of law.

On a motion to deny the second application for accidental disability retirement, made by Mr. Liston and seconded by Ms. Mitchell, the roll call vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Karen A. Mitchell	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Joannah M. Quinn	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

VOTED: The second application of Debra Caldieri for accidental disability retirement benefits was denied.

III. Open Session

The Board recessed at approximately 12:16 p.m. and reconvened at approximately 12:20 p.m.

A. TERMINATION RETIREMENT

Ms. Glaster presented the termination retirement application of Kathleen Burroughs. The Board concluded that Ms. Burroughs was terminated involuntarily, not offered a similar position and there was no moral turpitude surrounding her termination. On a motion made by Ms. Wass, and seconded by Mr. Liston, the Board voted 7-0 to approve the application.

B. CHANGE ORDER #28 INFRASTRUCTURE REPLACEMENT

Susan Morgan, Director of Strategic Planning and Project Management and Lisa Maloney, Director of Project Management Office, joined the meeting to provide details and seek approval for Change Order #28-Infrastructure Replacement. The Board asked questions on virtualization and the timing for the rollout of Member Self Service. On a motion made by Ms. Wass, and seconded by Mr. Liston, the Board voted 7-0 to approve the Change Order. Ms. Morgan and Ms. Maloney left the meeting.

C. PROPOSAL TO INCREASE THE NUMBER OF PRIM BOARD MEMBERS

The Board held a brief discussion on the recent amendment included in the Senate Ways and Means Budget to increase membership by adding The Secretary of State of the Commonwealth and the President of MACRS to sit on the PRIM Board, which had been approved by the House but not by the Senate. After Mr. Neilon provided clarification for the next step in this process, the Board questioned the purpose behind this measure, noting The PRIM Board has been performing exceptionally well, and their concern that the legislature makes its decision and any possible changes very carefully and deliberately.

D. PRIM BOARD UPDATE

Mr. Naughton provided an update to recent activities at the PRIM Board including the distinguished honor of receiving *Institutional Investor* magazine's "Public Pension Plan of the Year" award as well as Executive Director and Chief Investment Officer Michael Trotsky's nomination for "Chief Investment Officer of the Year." He also reported Robert Brousseau had been re-elected as the Elected Member, State Teachers' Retirement System Representative for another term and other recent PRIM staff additions.

The meeting recessed at approximately 12:43 p.m. and reconvened at approximately 12:52 p.m.

E. MTRS MANAGEMENT UPDATE-TOPIC: SERVICE PURCHASE PROCESSING

Jonathan Osimo, Director of Member Services, joined the meeting and gave a Power Point presentation on the plan for the service purchases backlog as a result the increased interest rate on such purchases due to pension reform measures. The Board asked questions on the timing of the member self-service feature which will not be available until all pension reform changes have been implemented into MyTRS. Mr. Osimo left the meeting at approximately 1:18 p.m.

F. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Schloss informed the board of a recent incident involving a link on the MTRS website which was identified by the Division of Homeland Security as a potential data security issue. The link was provided to employers as a template for deduction reporting. Using their software, The Division of Homeland Security was able to access it and retrieve one district's personal information. The link was immediately removed from the website however, Commonwealth's ITD division had concluded that this was not a breach of security by MTRS.
2. Ms. Schloss pointed out that included in this month materials was a letter from PERAC concerning a Private Letter Ruling issued to PERAC from the Internal Revenue Service regarding the federal tax status of certain disability and death payments made by the systems.

3. Ms. Schloss reported that the results of PERAC audit will be forthcoming and the State Auditors are still performing their audit of the agency.
4. Ms. Schloss notified the board of recent staff activities, including the recent departure of a senior service representative to another state agency and recent nominees to the agency's recognition award.

Ms. Glaster, Mr. Neilon and Mr. Salvie left the meeting at approximately 1:32 p.m.

G. REVIEW PLAN AND TIMELINE FOR EXECUTIVE DIRECTOR SEARCH

Aaron Morrison, Director of Human Resources for The Massachusetts Teachers' Retirement System joined the meeting and informed the Board that thirteen applications and resumes were received for the Executive Director position. The Chairman named a subcommittee of Mr. Favorito, Ms. Wass and himself to review the cover letters and resumes in order to make recommendations of candidates at the June meeting, with the intention of the entire board conducting interviews at the July meeting. The Chairman noted that the subcommittee will meet in executive session because to have the discussion about applicants in open session would be detrimental to the Board's ability to attract qualified applicants. He anticipates a salary and contract would be negotiated and finalized by September which would allow for a transition period of a couple of months before Ms. Schloss's departure at the end of the calendar year.

On a motion made by Mr. Liston and seconded by Ms. Mitchell, the Board voted unanimously to adjourn the meeting at approximately 1:40 p.m.

Respectfully submitted,

Joan Schloss, Executive Director

Date

Documents used in MTRS Board meeting of May 30, 2014

- Agenda for May 30, 2014 MTRS Board meeting
- Cover letter from Executive Director
- Open and Executive minutes of April 25, 2014 MTRS Board meeting
- Documents pertaining to Termination Retirement application
- Documents pertaining to the Change Order #28 Infrastructure Replacement
- Documents pertaining to Memorandum from PMO to Executive Director regarding PMO Monthly expenditures for April 2014